MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

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FINAL EXAMINATION

Trimester 3, 2018/ 2019

BBM7094 – BUSINESS MANAGEMENT

(MBA Full Time)

23 MAY 2019
9.00 a.m. – 12.00 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **EIGHT (8)** pages (including the cover page).

2. Answer **ALL** questions. The marks distributions are given in parentheses.

3. Write all your answers in the **Answer Booklet** provided.

Answer ALL questions.

Part 1: Managing in the 21st Century. **(40 marks)**

Be innovative with CSR efforts

Monday, 29 Oct 2018

Dr THANASEELEN RAJASAKRAN

NEXT year will be a good start for corporate social responsibility (CSR) in Malaysia. According to the International Trade and Industry Ministry secretary-general Datuk Isham Ishak recently, Bursa Malaysia has made it compulsory for listed companies to report on whatever CSR programmes they initiate – starting from 2019. In 2017, the local bourse had introduced the New Sustainability Framework targeted towards private limited companies (PLCs), and now it's taking it towards another level.

However, it must be made clear that CSR does not just encompass community projects, as it is much more than that. One of the central themes of CSR concerns the environment. As one may be aware, after the riches of the oil industry were discovered, environment degradation became synonymous with it. Dramatic events like the Exxon Valdez oil disaster in Alaska in 1989 or British Petroleum's Deepwater Horizon in the Gulf of Mexico in 2010 faux pas come to mind. And closer to home, about six tonnes of diesel and hundreds of litres of engine oil floated from the Penang sea towards Perak when a ship sank, threatening fish and shrimp farms and the coastal environment along several kilometres of northern Perak's coast in July.

So CSR is not just about reactive measures, but taking cognitive and proactive steps. For instance, it is good that the new Malaysian government is leading the way by charting a zero-waste plan that aims to abolish single-use plastics by 2030. In fact, Malaysia is the first country in South-East Asia to take such bold action to tackle the damaging plastic pollution from countries like the United States and Britain – after China closed its doors on such imports. The United States, along with Britain, Germany, Japan and Mexico, had been among the biggest exporters of scrap plastics to China. Likewise, it is good that the Penang government will be the first state in Malaysia to have 100% Light Emitting Diode (LED) street lighting by 2020. To be sure, already most parts of Kuala Lumpur are under LED illumination.

Government aside, perhaps the pertinent issue about CSR in Malaysia is the relatively low involvement among private and public-listed companies. They must be serious in this undertaking, and not another "greenwashing" initiative – like changing a product's name or packaging to evoke a more natural aesthetic look, like what was reported about British Petroleum when it changed its name to Beyond Petroleum. Neither is it about collecting awards via mere community services, as it is the most easily achieved.

In order to carry this out, CSR should encompass committed initiative, and it could be on private-public partnership. Case in point: the creative partnership in reducing the flow of plastics into oceans by tech giant Dell and the Lonely Whale Foundation (LWF), initiated

in 2015. Their project called NextWave aims to intercept plastics in rivers and coastal areas, and recycle these plastics into manufacturing. The key of such programmes is that it brings about economic and social benefits to the stakeholders. The aspiration is to divert 1.4 million kg of plastics over five years, the equivalent of keeping 66 million water bottles from washing out to sea.

Studies have shown that plastics in the ocean degenerate into micro-plastics, and eventually end up in our water system, and traces of plastic can be found in about 84% of tap water and 93% of bottled water tested globally. So such kinds of "serious" projects are what need to be carried out – not just community projects. CSR must form part of a corporate's DNA.

The establishment of Kind Malaysia recently as a CSR matching platform for public-listed companies (PLCs) is a good start going forward. However, the ideas must be innovative, not mere promotional CSR. For instance, CSR can be made part of the supply chain like how some companies are using packaging made with 25% of recovered ocean-bound plastics while the remaining 75% is made with recycled materials.

In the final analysis, firms may adopt Canon's four basic strategies to environmental issues: offensive (counter-attack), defensive (seen as victims of social expectations, hence retreat into secrecy or refuse to explore corrective action), indifference (a typical ploy used by SMEs, ignore demands for alternatives until legislation forces a response), and finally innovation (looking for creative ways to capitalise on new demands and opportunities).

Need it be said, which route a firm should take!

(Source: The Star, 2018. Retrived from https://www.thestar.com.my/opinion/letters/2018/10/29/be-innovative-with-csr-efforts/#M6kekrjdc1l0ydRk.99)

1. Compare and contrast the ideas of social obligation, social responsiveness, and social responsibility. (6 marks)

2. Explain the **FOUR (4)** approaches that organizations can take with respect to environmental issues and going green. (4 marks)

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3. Walmart is an example of how companies in Canada are closing the gap between business and social objectives. The company's approach to supporting social issues is consistent with who it is and what it does as a business. *"Our size, logistical expertise and culture of being a low cost operation means we can make a real difference," "Over the next five years, Walmart will lead an effort with specific goals to open markets for women-owned businesses and increase training and career opportunities for women on farms and in factories. The goals were developed with NGOs and other partners and are designed to leverage the company's size and scale to help women and their families live better."*
   How do employees of an organization learn its culture? Using Walmart as an example, elaborate the FOUR (4) primary methods. (8 marks)

4. You are a manager of a Small and Medium Enterprise (SME). With limited resources, what will you do to ensure your company engages in successful CSR activities? (10 marks)

5. Illustrate the **SIX (6)** benefits of CSR for SMEs? (12 marks)

Part 2: Planning and Organizing. **(30 marks)**

Poor planning main cause for SMEs to cease operation

Wednesday, November 22nd, 2017 at Money | News

By DASHVEENJIT KAUR

Poor planning and lack of management skills are among the reasons why local small and medium enterprises (SMEs) fail to sustain their businesses.

"Entrepreneurs, especially those from SMEs and startups, fail because they believe they could sustain without the right long-term plan and the necessary management skills," Sustainability Roundtable Sdn Bhd president and CEO Datuk Seri G Gnanaraja (picture) said.

"The worst part about a failing business is that the entrepreneur is unaware of it happening until it is often too late," Gnanaraja told The Malaysian Reserve (TMR) when interviewed recently.

Too often, he said, entrepreneurs are in denial about how ineffective they run their businesses, while others are unaware of their mistakes that hamper their successes.

"Most of them do not even possess the basic business reporting skills, and never had a

financial statement which can be used to improve financial controls and to secure access to finance.

"Poor accounting practices will hamper their growths simply because of their poor financial literacy," he said.

TMR previously reported SME Corp Malaysia Datuk Dr Hafsah Hashim as saying that the government agency is collaborating with other agencies to focus on business sustainability for SMEs. She said a detailed study on SMEs business performance is currently being conducted to facilitate the growth of the industry.

"To measure the effectiveness of the businesses, we are in the middle of a study that looks at the factors affecting business performance, particularly for companies with small to medium capital.

"The unstable fuel price is one of the main concerns that have been highlighted. With more than 2,000 SMEs involved in this study, we hope it can help push the industry forward," Hafsah said.

According to the International Trade and Industry Ministry, the number of local SMEs grew from 638,790 in 2010 to 907,065 in 2015, an increase of more than 260,000 new businesses, or a 7.3% per annum growth.

Currently, SMEs contribute 36.6% to the national economy, 18.6% to exports and 65.3% to national employment.

"SMEs have been at the core of Malaysia's economic transformation since the 1990s to an upper-middle income nation. They are an important driver of employment and growth.

"It leaves no question as to why the local government has placed so much emphasis on the SMEs front here, as well as entrepreneurs to start formulating their companies — especially now," Gnanaraja told TMR.

He urged these enterprises to look into various sources of financing opportunities that the government has offered to grow their business further.

"The government has always been pushing for the growth of SMEs by providing a wide access to financing. In every yearly budget, a great emphasis is placed on the SME sector and entrepreneurs should capitalise on various funds provided to expand their business," he added.

Gnanaraja emphasised that the opportunity in terms of finance assistance is given equally to all SMEs regardless of race and ethnicity, dispelling perception that it is all for Bumiputera entrepreneurs.

"Many ought to say that the government places a lot of focus on Bumiputeras, but that is

not true as the one that has the most unique and promising business models often stands out," he added.

Overall, SMEs have received considerable attention from the government — which has set aside RM20 billion under Budget 2018 for development purposes of the industry.

Citing an example, Gnanaraja said SME Corp has been given a RM200 million allocation for aid. He said besides financial support, the fast-changing ecosystem proves to be both an asset and a liability depending on how SMEs are able to cope or even think ahead of the curve.

"The new digital revolution is no longer new; rather, it has become a necessity in today's age of smartphones and tablets.

"SMEs must consider remodelling their businesses and tap into new markets in the face of the challenging economic climate.

"In the nation's paradigm shift to international trade, we are looking forward to increasing the export capability of our SMEs," he said.

Gnanaraja believes there will be stiff competition from foreign SMEs and large enterprises, thus SMEs need to brace for change and make necessary adjustments to advance with progressive initiatives.

(Source: The Malaysian Reserve, 2017. Retrieved from:https://staging.themalaysianreserve.com/2017/11/22/poor-planning-main-cause-smes-cease-operation/)

1. Discuss **SIX (6)** reasons why local small and medium enterprises (SMEs) fail to sustain their businesses. Provide suggestion / solution for each of the reason that you have identified. (12 marks)

2. You have been promoted as a top manager in a company. Apply the strategic management process to formulate the strategies for your company. (10 marks)

3. List and discuss the **FOUR (4)** contingency variables that should be considered while designing an appropriate organizational structure. (8 marks)

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Part 3: Leading and Controlling. **(30 marks)**

Malaysian firms are struggling to develop leaders

31/05/2016 Tue 10:55 in All markets

By Jerene Ang

Leadership development might be a key area of focus for companies in Malaysia, but are they really ready to actively deal with the issue?

Apparently not really, at least according to the Southeast Asia results of Deloitte's Global Human Capital Trends 2016 survey.

The survey found leadership development was identified as the top human capital trend in the country by 97% of respondents in the country.

This was higher than the global average of 89%.

Despite that, only 40% of local respondents felt ready or very ready to tackle this issue.

"The data indicates that organisations in Malaysia acknowledge the importance of having great quality leaders, but are not ready, or may not have the necessary resources to address the leadership gap" said Jason Seng, human capital director for Deloitte Southeast Asia.

"However, more are taking into consideration the importance of understanding and appreciating Gen Y and Millennial employees who are motivated to work in a dynamic organisation led by inspirational and visionary leaders. The lack of strong leadership pipeline for want of talented leaders is a cause of concern."

Worldwide, however, organisational design was highlighted as the top human capital trend – as chosen by 92% of global respondents and 91% of those in Southeast Asia.

Despite organisational design being ranked fifth in Malaysia (88%), more than half (57%) of Malaysian respondents revealed that they are ready for it.

This shows that organisations are cognizant of its importance and aim to consequently move towards a leaner, more efficient structure, albeit at a moderate pace, the report stated.

"This trend indicates that, in general, organisations are aware of the need for organisational structural changes to accommodate the changing business trends and talent generations. However, organisations operating in Malaysia may not be quite ready to take the leap at this stage. Transformation efforts may be more focused on leadership and culture, and this will ultimately define the organisation structure of the company," said

Seng.

(Source: Human Resources Online, 2016. Retrieved from: https://www.humanresourcesonline.net/leadership-top-priority-business-leaders-sea/)

1. Discuss **SIX (6)** leadership challenges in an organization. (6 marks)

2. As a CEO of a company, illustrate **FOUR (4)** solutions to address the challenges above. (12 marks)

3. *"It is important to understand and appreciate Gen Y and Millennial employees who are motivated to work in a dynamic organisation led by inspirational and visionary leaders"*. In order to understand the employees, communication plays a vital role. Discuss the **FOUR (4)** functions of communication in an organization. (4 marks)

4. What are the **TWO (2)** communication challenges that new technology has created? (2 marks)

5. Why control function is important for managers in an organization? Discuss **THREE (3)** reasons. (6 marks)

End of Paper